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U.S. Department of Transportation
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NOTICE OF PROPOSED RULEMAKING (NPRM), DEPARTMENT OF TRANSPORTATION (DOT), RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION (RSPA), 49 CFR 192, GAS GATHERING LINE DEFINITION [DOCKET NO. PS-122, NOTICE 1], 56 FR 186, WEDNESDAY, SEPTEMBER 25, 1991, AT PAGES 4850548510

Conoco Inc., Exploration and Production North America (hereinafter Conoco, or "we" or "our") appreciates this opportunity to respond to subject NPRM. As a natural gas producer, Conoco operates many gas gathering lines onshore that can be affected by any regulations resulting from this NPRM. While we are dedicated to safety in our operations, we are also concerned that imprudent regulations that will not improve safety in gas production operations must not be promulgated. Therefore, Conoco has a number of comments in regard to the proposed regulations.

Because of the importance of this matter to industry, we anticipate that a number of other gas producers and several trade associations will also submit input. As an active member of the American Production Institute (API) we are in general agreement with the response by that group.

COMMENTS

Our comments are divided into three sections: A. PREAMBLE, keyed to the page, column, subject, paragraph, and sentence in some instances; B. PROPOSED REGULATIONS, keyed to the section, subsection, paragraph, and subparagraph; and C. CONCLUSIONS. Also, our comments are numbered sequentially for convenience of the reviewer.

A. PREAMBLE

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1. Column one, Supplementary Information: Problem, first paragraph, last sentence

Conoco certainly agrees that one must first determine whether the pipeline is a gathering line before deciding if it is subject to 49 CFR 192.

2. Second paragraph

We also agree that the attempt to define a “gathering line” as neither a “transmission line” nor a “distribution line” was improper.

3. Column two, paragraph six

Conoco agrees that the ambiguity as noted in Comment 2 must be eliminated.

4. Background, third paragraph this section

Conoco agreed that the September 20, 1974 definition of “gathering line” was inappropriate.

5. Column three, second full paragraph

We agree that the “gathering line” definition problem for onshore is well established.

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6. Column one, Alternative Definitions Discussed with Advisory Committee, second paragraph

Conoco certainly agrees with RSPA and API that an ill-advised definition for “gathering lines” can prove to be very costly to industry.

7. Column two, Proposal, second paragraph

RSPA is correct that most gathering lines will empty to a gas processing plant, but the problem remains that not all gas gathering lines go to processing plants.

8. Column three, second full paragraph

We believe that the last word (i.e., “Regulations”) in line five should be “Regulatory”.

9. Sentence beginning bottom of page

Conoco agrees with the Gas Processors Association that “treatment of gas” and “processing of gas” normally refer to fundamentally different operations.

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10. Column one, last sentence of paragraph ending at top of page

We agree that the DOT/RSPA has no statutory authority over gas processing plants.

clarify
Final
rule

11. First full paragraph

Please see Comment 9, supra.

12. Second full paragraph

We agree that a gathering line should normally end at the inlet to a “processing plant”.

13. Third paragraph

Conoco agrees that true “straddle plants” on transmission lines would not be a “processing plant” for purposes of the gathering line definition.

14. Column two, first full paragraph

In situations where gas is “sold” at the wellhead, but where the seller retains a “treatment right” to remove liquids in a production/treating facility (i.e., not a processing plant), custody should not actually be considered to transfer until downstream of such production facility at such point as gathering is completed (e.g., at the inlet to a Federal Energy Regulatory Commission or FERC regulated pipeline).

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15. Third paragraph (“primary function” test)

Conoco contends that the primary function of a gas gathering system is to gather gas to a transmission line classified as such. Otherwise RSPA will have improperly classified many miles of pipelines in actual gathering service as transmission lines.

16. Column three, first full paragraph

Please see our Comment 15., supra.

17. Exceptions to "Gathering Line"

Conoco does not agree that a pipeline downstream of the first commingling point should automatically be classified as either a "distribution line" or a transmission line. We believe the FERC case-by-case approach is far more realistic. (Please see Comment 15., supra.)

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18. Column one, first paragraph

We do not believe that ownership of a pipeline should have any bearing upon classification of such pipeline.

19. Second paragraph

Conoco agrees that a pipeline under FERC jurisdiction would normally be a transmission line.

20. Production Facility, third paragraph

We certainly agree with the penultimate sentence that "a gathering system may include several production facilities".

21. "Production facilities" definition, fourth paragraph

Conoco agrees with this definition in general.

22. Column two, first paragraph

We agree that production facilities must be designated to fulfill particular needs and will, consequently, vary according to the respective situation.

23. Second paragraph

We agree that storage and measurement facilities on a producing lease are part of the production facility, but that similar equipment on a gas transmission line would not be considered production equipment for the present purpose of defining a gathering line.

24. Impact Assessment

Conoco respectfully notes that, if improper regulations defining onshore gas gathering lines are promulgated, the result would be a dramatic impact upon many small entities.

25. Column three, Paperwork Reduction Act

Recordkeeping will increase if a large portion of currently classified gathering lines are reclassified as distribution/transmission pipelines.

26. Federalism Assessment

We agree that a single uniform definition of “gathering lines” will be helpful to the states and industry.

27. General (E.O. 12630)

We do not believe there would be a “takings” by DOT/RSPA under the proposed regulations as contemplated by Executive Order (E.O.) 12630.

28. List of Subjects in 49 CFR Part 192

This listing appears to be in order.

We also agree with the authority under which these amendments are proposed.

B. REGULATIONS

29. 49 CFR Part 192, § 192.3 Definitions

a. “Gathering Line”

Conoco respectfully contends that it must be made abundantly clear that this definition is for onshore gathering lines only.

1. We agree with this stipulation.
2. It should be noted that some gas will be sold at the wellhead. Certainly, this should not preclude the pipelines between wells and at least through the first production facility, and preferably to the first FERC regulated pipeline, from being gathering lines.
3. Conoco respectfully contends that the point where gas from wells in the same field, or from two different adjacent fields, is commingled should not necessarily be the downstream end of a gathering line. This definition would eliminate the major part of many gathering line systems. (Please see our Comment 29.(a)(4)(iii), *infra*.)

4. (i) We agree with (1) as an end point, but respectfully refer RSPA to our comments 29(a)(2) and 29(a)3 supra, in regard to (2) and (3).

(ii) Conoco agrees with this stipulation, when custody is transferred at the outlet of such facility (e.g., when the gas enters a pipeline under FERC jurisdiction).

(iii) We agree with this stipulation as being proper.

...

b. "Production facility"

(1) We are in general agreement with this stipulation.

c. "Production field"

Conoco is in agreement with this definition.

...

C. CONCLUSION

30. DOT/RSPA must be very careful to consider safety aspects when defining "gathering lines" because of the unnecessary costs that can be involved. Regulations can only be justified by safety benefits in this situation.

END OF COMMENTS

Please advise me at the address in the letterhead, or at telephone (713) 293-1047, if you have questions on this matter.

Very truly yours,



R. M. Robinson
Senior Regulatory Professional
Exploration Production, North America

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